

# GEORGE COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports  
For the Year Ended September 30, 2012

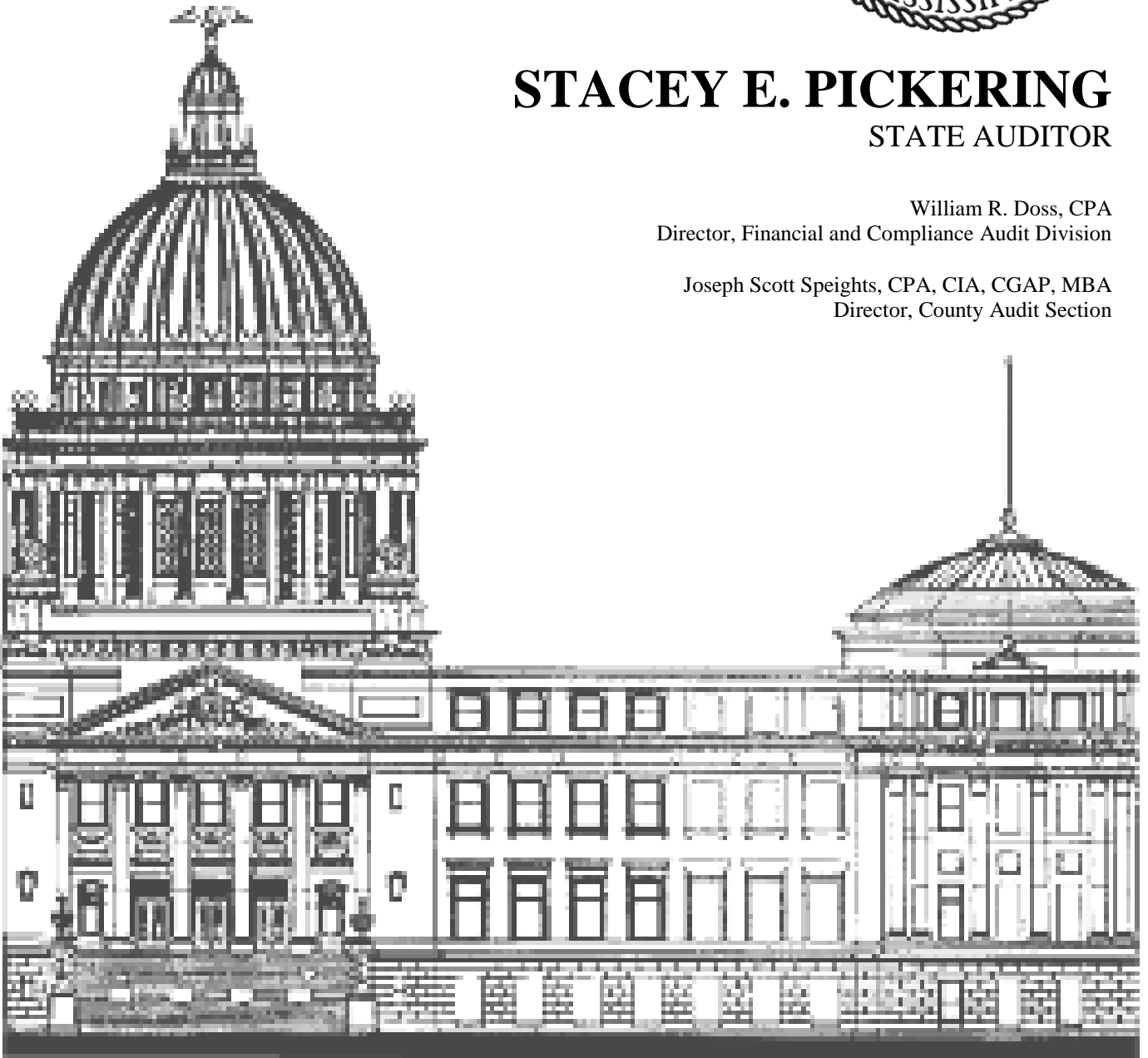


## STACEY E. PICKERING

STATE AUDITOR

William R. Doss, CPA  
Director, Financial and Compliance Audit Division

Joseph Scott Speights, CPA, CIA, CGAP, MBA  
Director, County Audit Section



A Report from the County Audit Section

[www.osa.state.ms.us](http://www.osa.state.ms.us)









**STATE OF MISSISSIPPI**  
**OFFICE OF THE STATE AUDITOR**  
**STACEY E. PICKERING**  
AUDITOR

December 30, 2013

Members of the Board of Supervisors  
George County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2012 financial and compliance audit report for George County. This audit was performed pursuant to Section 7-7-211(e), Mississippi Code Ann. (1972). The audit was performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

I appreciate the cooperation and courtesy extended by the officials and employees of George County throughout the audit. Thank you for working to move Mississippi forward by serving as a supervisor for George County. If I or this office can be of any further assistance, please contact me or J. Scott Speights of my staff at (601) 576-2674.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Stacey E. Pickering", is written over a horizontal line.

Stacey E. Pickering  
State Auditor



GEORGE COUNTY

TABLE OF CONTENTS

FINANCIAL SECTION .....	1
INDEPENDENT AUDITOR’S REPORT .....	3
FINANCIAL STATEMENTS .....	5
Statement Net Assets.....	7
Statement of Activities .....	8
Balance Sheet – Governmental Funds.....	9
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets .....	10
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	11
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities .....	12
Statement Net Assets – Proprietary Fund.....	13
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Fund .....	14
Statement of Cash Flows – Proprietary Fund .....	15
Statement of Fiduciary Assets and Liabilities .....	16
Notes to Financial Statements .....	17
REQUIRED SUPPLEMENTARY INFORMATION .....	33
Budgetary Comparison Schedule – (Budget and Actual (Non-GAAP Basis) - General Fund .....	35
Notes to the Required Supplementary Information .....	37
SUPPLEMENTAL INFORMATION .....	39
Schedule of Expenditures of Federal Awards .....	41
Reconciliation of Operating Costs of Solid Waste .....	42
OTHER INFORMATION .....	43
Schedule of Surety Bonds for County Officials .....	45
SPECIAL REPORTS.....	47
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	49
Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 .....	51
Independent Auditor's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules (Required by Section 31-7-115, Miss. Code Ann. (1972)) .....	53
Limited Internal Control and Compliance Review Management Report .....	59
SCHEDULE OF FINDINGS AND QUESTIONED COSTS .....	63





GEORGE COUNTY

FINANCIAL SECTION

GEORGE COUNTY

(This page left blank intentionally.)



**STATE OF MISSISSIPPI**  
**OFFICE OF THE STATE AUDITOR**  
**STACEY E. PICKERING**  
AUDITOR

**INDEPENDENT AUDITOR'S REPORT**

Members of the Board of Supervisors  
George County, Mississippi

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of George County, Mississippi, (the County) as of and for the year ended September 30, 2012, which collectively comprise the basic financial statements of the County's primary government as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The financial statements do not include financial data for the County's legally separate component unit. Accounting principles generally accepted in the United States of America require the financial data for this component unit to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component unit. The County has not issued such reporting entity financial statements. The amount by which this departure would affect the assets, liabilities, net assets, revenues and expenses of the aggregate discretely presented component units is not reasonably determinable.

In our opinion, because of the omission of the discretely presented component unit, as discussed previously, the financial statements referred to previously do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the aggregate discretely presented component unit of George County, Mississippi, as of September 30, 2012, or the changes in financial position thereof for the year then ended.

In addition, in our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of George County, Mississippi, as of September 30, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2013, on our consideration of George County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedule and corresponding notes be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

George County, Mississippi, has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise George County, Mississippi's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The accompanying Reconciliation of Operating Costs of Solid Waste is also presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The Schedule of Expenditures of Federal Awards and the Reconciliation of Operating Costs of Solid Waste has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and the Reconciliation of Operating Costs of Solid Waste are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise George County, Mississippi's basic financial statements. The accompanying Schedule of Surety Bonds for County Officials is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on such information.



WILLIAM R. DOSS, CPA  
Director, Financial and Compliance Audit Division

December 30, 2013

GEORGE COUNTY

FINANCIAL STATEMENTS

GEORGE COUNTY

(This page left blank intentionally.)

GEORGE COUNTY  
Statement of Net Assets  
September 30, 2012

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 8,242,270		8,242,270
Restricted assets - Cash		2,399,222	2,399,222
Property tax receivable	6,758,050		6,758,050
Accounts receivable (net of allowance for uncollectibles of \$302,213)	240,670		240,670
Fines receivable (net of allowance for uncollectibles of \$1,186,632)	608,342		608,342
Loans receivable (net of allowance for uncollectibles of \$50,000)	497,743		497,743
Intergovernmental receivables	916,963	291,395	1,208,358
Other receivables	6,525		6,525
Deferred charges - bond issuance costs		163,543	163,543
Capital assets:			
Land and construction in progress	3,917,308	87,674	4,004,982
Other capital assets, net	48,100,498	6,139,829	54,240,327
Total Assets	69,288,369	9,081,663	78,370,032
LIABILITIES			
Claims payable	678,040	40,125	718,165
Intergovernmental payables	228,089		228,089
Accrued interest payable		35,430	35,430
Deferred revenue	6,758,050		6,758,050
Unearned revenue	14,355		14,355
Other payables	24,874		24,874
Due within one year:			
Capital debt	875,453	424,175	1,299,628
Non-capital debt	64,804		64,804
Due in more than one year:			
Capital debt	528,555	5,328,399	5,856,954
Non-capital debt	514,105	103,003	617,108
Total Liabilities	9,686,325	5,931,132	15,617,457
NET ASSETS			
Invested in capital assets, net of related debt	50,613,798	474,929	51,088,727
Restricted:			
Expendable:			
General government	136,069		136,069
Public safety	1,354,656	2,675,602	4,030,258
Public works	2,876,487		2,876,487
Culture and recreation	119,332		119,332
Economic development and assistance	497,743		497,743
Unrestricted	4,003,959		4,003,959
Total Net Assets	\$ 59,602,044	3,150,531	62,752,575

The notes to the financial statements are an integral part of this statement.

GEORGE COUNTY  
Statement of Activities  
For the Year Ended September 30, 2012

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 3,368,558	903,802	27,804		(2,436,952)		(2,436,952)
Public safety	2,630,047	309,082	123,804	8,725	(2,188,436)		(2,188,436)
Public works	4,168,664	539,112	783,420	2,293,616	(552,516)		(552,516)
Health and welfare	258,634		30,214	11,870	(216,550)		(216,550)
Culture and recreation	16,936				(16,936)		(16,936)
Conservation of natural resources	48,281				(48,281)		(48,281)
Economic development and assistance	65,488				(65,488)		(65,488)
Interest on long-term debt	35,205				(35,205)		(35,205)
Total Governmental Activities	10,591,813	1,751,996	965,242	2,314,211	(5,560,364)	0	(5,560,364)
Business-type activities:							
Regional Jail	3,037,667	3,391,951	43,000			397,284	397,284
Total Business-type Activities	3,037,667	3,391,951	43,000	0	0	397,284	397,284
Total Primary Government	\$ 13,629,480	5,143,947	1,008,242	2,314,211	(5,560,364)	397,284	(5,163,080)
General revenues:							
Property taxes					\$ 6,928,027		6,928,027
Road & bridge privilege taxes					267,981		267,981
Grants and contributions not restricted to specific programs					309,073		309,073
Unrestricted interest income					55,993	5,176	61,169
Miscellaneous					626,422	28,602	655,024
Total General Revenues					8,187,496	33,778	8,221,274
Changes in Net Assets					2,627,132	431,062	3,058,194
Net Assets - Beginning of year, as previously reported					56,841,143	2,719,469	59,560,612
Prior period adjustments					133,769		133,769
Net Assets - Beginning of year, as restated					56,974,912	2,719,469	59,694,381
Net Assets - End of year					\$ 59,602,044	3,150,531	62,752,575

The notes to the financial statements are an integral part of this statement.



GEORGE COUNTY  
Balance Sheet - Governmental Funds  
September 30, 2012

Exhibit 3

	Major Funds	Other	Total
	General	Governmental	Governmental
	Fund	Funds	Funds
ASSETS			
Cash	\$ 3,547,167	4,695,103	8,242,270
Property tax receivable	3,395,050	3,363,000	6,758,050
Accounts receivable (net of allowance for uncollectibles of \$302,213)	608,342		608,342
Fines receivable (net of allowance for uncollectibles of \$1,186,632)		240,670	240,670
Loans receivable (net of allowance for uncollectibles for \$50,000)		497,743	497,743
Intergovernmental receivables	134,803	782,160	916,963
Other receivables	6,525		6,525
Due from other funds	485,289	75,858	561,147
Total Assets	\$ 8,177,176	9,654,534	17,831,710
LIABILITIES AND FUND BALANCES			
Liabilities:			
Claims payable	\$ 111,107	566,933	678,040
Intergovernmental payables	205,394		205,394
Due to other funds	98,553	485,289	583,842
Deferred revenue	4,003,392	3,603,670	7,607,062
Unearned revenue		14,355	14,355
Other payables	24,874		24,874
Total Liabilities	4,443,320	4,670,247	9,113,567
Fund balances:			
Restricted for:			
General government		136,069	136,069
Public safety		1,354,656	1,354,656
Public works		2,876,487	2,876,487
Culture and recreation		119,332	119,332
Economic development and assistance		497,743	497,743
Unassigned	3,733,856		3,733,856
Total Fund Balances	3,733,856	4,984,287	8,718,143
Total Liabilities and Fund Balances	\$ 8,177,176	9,654,534	17,831,710

The notes to the financial statements are an integral part of this statement.

GEORGE COUNTY

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets  
September 30, 2012

Exhibit 3-1

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 8,718,143
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$76,590,721.	52,017,806
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	849,012
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(1,982,917)</u>
Total Net Assets - Governmental Activities	\$ <u><u>59,602,044</u></u>

The notes to the financial statements are an integral part of this statement.

GEORGE COUNTY

Exhibit 4

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
For the Year Ended September 30, 2012

	<u>Major Funds</u>		
	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Property taxes	\$ 3,567,369	3,360,658	6,928,027
Road and bridge privilege taxes		267,981	267,981
Licenses, commissions and other revenue	374,120	23,086	397,206
Fines and forfeitures	434,169	4,426	438,595
Intergovernmental revenues	457,721	3,130,804	3,588,525
Charges for services	261,389	537,814	799,203
Interest income	25,433	30,560	55,993
Miscellaneous revenues	195,880	115,962	311,842
Total Revenues	<u>5,316,081</u>	<u>7,471,291</u>	<u>12,787,372</u>
EXPENDITURES			
Current:			
General government	2,919,127	2,761,658	5,680,785
Public safety	2,138,540	383,619	2,522,159
Public works		4,941,474	4,941,474
Health and welfare	257,952		257,952
Culture and recreation	15,112		15,112
Conservation of natural resources	47,446		47,446
Economic development and assistance	65,488		65,488
Debt service:			
Principal	31,321	663,508	694,829
Interest	3,053	32,152	35,205
Total Expenditures	<u>5,478,039</u>	<u>8,782,411</u>	<u>14,260,450</u>
Excess of Revenues over (under) Expenditures	<u>(161,958)</u>	<u>(1,311,120)</u>	<u>(1,473,078)</u>
OTHER FINANCING SOURCES (USES)			
Long-term capital debt issued		1,059,146	1,059,146
Proceeds from sale of capital assets	28,532	926,177	954,709
Compensation for loss of capital assets	2,613	5,135	7,748
Transfer in		80,000	80,000
Transfer out		(80,000)	(80,000)
Total Other Financing Sources and Uses	<u>31,145</u>	<u>1,990,458</u>	<u>2,021,603</u>
Net Changes in Fund Balances	<u>(130,813)</u>	<u>679,338</u>	<u>548,525</u>
Fund Balances - Beginning of year	<u>3,864,669</u>	<u>4,304,949</u>	<u>8,169,618</u>
Fund Balances - End of year	<u>\$ 3,733,856</u>	<u>4,984,287</u>	<u>8,718,143</u>

The notes to the financial statements are an integral part of this statement.

GEORGE COUNTY

Exhibit 4-1

Reconciliation of the Statement of Revenues, Expenditures and Changes in  
Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended September 30, 2012

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 548,525
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net assets differs from the change in fund balances by the amount that capital outlays of \$4,408,443 exceeded depreciation of \$1,454,721 in the current period.	2,953,722
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net assets differs from the change in fund balances by the amount of the net gain of \$306,831 and the proceeds from the sale of \$ 954,709 in the current period.	(647,878)
Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	108,888
Solid waste revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	8,102
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Thus, the change in net assets differs from the change in fund balances by the amount that debt repayments of \$694,829 were exceeded by debt proceeds of \$1,059,146.	(364,317)
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net assets differs from the change in fund balances by a decrease in compensated absences liability	<u>20,090</u>
Change in Net Assets of Governmental Activities	\$ <u><u>2,627,132</u></u>

The notes to the financial statements are an integral part of this statement.

GEORGE COUNTY  
Statement of Net Assets - Proprietary Fund  
September 30, 2012

Exhibit 5

	Business-type Activities- Enterprise Fund	Regional Jail Fund
<hr/>		
ASSETS		
Current assets:		
Restricted assets - Cash	\$ 2,399,222	
Intergovernmental receivables	291,395	
Total Current Assets	<hr/> 2,690,617	
Noncurrent assets:		
Deferred charges - bond issuance costs	163,543	
Other capital assets, net	6,227,503	
Total Noncurrent Assets	<hr/> 6,391,046	
Total Assets	<hr/> 9,081,663	
<hr/>		
LIABILITIES		
Current liabilities:		
Claims payable	40,125	
Accrued interest payable	35,430	
Capital debt:		
Other long-term liabilities	424,175	
Non-capital debt:		
Total Current Liabilities	<hr/> 499,730	
Noncurrent liabilities:		
Capital debt:		
Other long-term liabilities	5,328,399	
Non-capital debt:		
Compensated absences payable	103,003	
Total Noncurrent Liabilities	<hr/> 5,431,402	
<hr/>		
NET ASSETS		
Invested in capital assets, net of related debt	474,929	
Restricted for:		
Public safety	2,675,602	
Total Net Assets	<hr/> \$ 3,150,531	
<hr/>		

The notes to the financial statements are an integral part of this statement.

## GEORGE COUNTY

Exhibit 6

## Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Fund

For the Year Ended September 30, 2012

	Business-type Activities - Enterprise Fund
	Regional Jail Fund
Operating Revenues	
Charges for services	\$ 3,391,951
Miscellaneous	28,602
Total Operating Revenues	<u>3,420,553</u>
Operating Expenses	
Personal services	1,684,464
Contractual services	373,616
Materials and supplies	545,322
Depreciation expense	165,606
Total Operating Expenses	<u>2,769,008</u>
Operating Income (Loss)	<u>651,545</u>
Nonoperating Revenues (Expenses)	
Interest income	5,176
Intergovernmental grants	43,000
Interest expense	(250,488)
Amortization of deferred charges - bond issuance	(18,171)
Net Nonoperating Revenue (Expenses)	<u>(220,483)</u>
Changes in Net Assets	<u>431,062</u>
Net Assets - Beginning	<u>2,719,469</u>
Net Assets - Ending	<u>\$ 3,150,531</u>

The notes to the financial statements are an integral part of this statement.

GEORGE COUNTY  
Statement of Cash Flows - Proprietary Fund  
For the Year Ended September 30, 2012

Exhibit 7

	<u>Business-type Activities</u> <u>Regional Jail</u> <u>Fund</u>
Cash Flows From Operating Activities	
Receipts from customers	\$ 3,340,776
Payments to suppliers	(878,812)
Payments to employees	(1,733,341)
Other operating cash payments	28,602
Net Cash Provided (Used) by Operating Activities	<u>757,225</u>
Cash Flows From Noncapital Financing Activities	
Intergovernmental grants received	43,000
Net Cash Provided (Used) by Noncapital Financing Activities	<u>43,000</u>
Cash Flows From Capital and Related Financing Activities	
Acquisition and construction of capital assets	(5,645)
Principal paid on long-term debt	(430,000)
Interest paid on debt	(241,890)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(677,535)</u>
Cash Flows From Investing Activities	
Interest on deposits	5,176
Net Cash Provided (Used) by Investing Activities	<u>5,176</u>
Net Increase (Decrease) in Cash and Cash Equivalents	127,866
Cash and Cash Equivalents at Beginning of Year	<u>2,271,356</u>
Cash and Cash Equivalents at End of Year	<u>\$ 2,399,222</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ 651,545
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	165,606
Changes in assets and liabilities:	
(Increase) decrease in intergovernmental receivables	(51,175)
Increase (decrease) in claims payable	10,808
Increase (decrease) in compensated absences liability	(19,559)
Total Adjustments	<u>105,680</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 757,225</u>

The notes to the financial statements are an integral part of this statement.

GEORGE COUNTY  
Statement of Fiduciary Assets and Liabilities  
September 30, 2012

Exhibit 8

	Agency Funds
ASSETS	
Cash	\$ 459,370
Due from other funds	22,695
Total Assets	\$ <u>482,065</u>
LIABILITIES	
Intergovernmental payables	\$ 482,065
Total Liabilities	\$ <u>482,065</u>

The notes to the financial statements are an integral part of this statement.



## GEORGE COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2012

#### (1) Summary of Significant Accounting Policies.

##### A. Financial Reporting Entity.

George County is a political subdivision of the State of Mississippi. The County is governed by an elected five-member Board of Supervisors. Accounting principles generally accepted in the United States of America require George County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the County.

Management has chosen to omit from these financial statements the following component unit which has significant operational or financial relationship with the County. Accordingly, the financial statements do not include the data of this component unit necessary for reporting in conformity with accounting principles generally accepted in the United States of America.

- George Regional Hospital

State law pertaining to county government provides for the independent election of county officials. The following elected and appointed officials are all part of the County legal entity and therefore are reported as part of the primary government financial statements.

- Board of Supervisors
- Chancery Clerk
- Circuit Clerk
- Justice Court Clerk
- Purchase Clerk
- Tax Assessor-Collector
- Sheriff

##### B. Individual Component Unit Disclosures.

###### Blended Component Unit

Certain component units, although legally separate from the primary government, are nevertheless so intertwined with the primary government that they are, in substance, the same as the primary government. Therefore, these component units are reported as if they are part of the primary government. The following component unit balances and transactions are blended with the balances and transactions of the primary government.

George County Public Improvement Corporation was incorporated as a nonprofit under Section 31-8-3, Miss. Code Ann. (1972), which allows counties to enter into lease agreements with any corporation. The corporation's three-member board of directors is appointed by the Board of Supervisors. The corporation produces a financial benefit through its ability to finance the construction, acquisition, and renovation of capital facilities for the primary government and imposes a financial burden on the primary government by obligating funds to repay the debt pursuant to a lease agreement.

##### C. Basis of Presentation.

The County's basic financial statements consist of government-wide statements, including a Statement of Net Assets and a Statement of Activities, fund financial statements and accompanying note disclosures which provide a detailed level of financial information.

## GEORGE COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2012

#### Government-wide Financial Statements:

The Statement of Net Assets and Statement of Activities display information concerning the County as a whole. The statements include all nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues and are reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support.

The Statement of Net Assets presents the financial condition of the governmental activities and business-type activities of the County at year-end. The Government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the County's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenues not classified as program revenues, are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business-type activity or governmental function is self-financing or draws from the general revenues of the County.

#### Fund Financial Statements:

Fund financial statements of the County are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures/expenses. Funds are organized into governmental, proprietary and fiduciary. Major individual Governmental Funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column as other Governmental Funds.

#### D. Measurement Focus and Basis of Accounting.

The Government-wide, Proprietary Funds and Fiduciary Funds (excluding agency funds) financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Shared revenues are recognized when the provider government recognizes the liability to the County. Grants are recognized as revenues as soon as all eligibility requirements have been satisfied. Agency funds have no measurement focus, but use the accrual basis of accounting.

The County's Proprietary Funds apply all applicable Governmental Accounting Standards Board (GASB) pronouncements and only the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

The revenues and expenses of Proprietary Funds are classified as operating or nonoperating. Operating revenues and expenses generally result from providing services in connection with a Proprietary Fund's primary operations. All other revenues and expenses are reported as nonoperating.

## GEORGE COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2012

Governmental financial statements are presented using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period when they are both measurable and available to finance operations during the year or to liquidate liabilities existing at the end of the year. Available means collected in the current period or within 60 days after year end to liquidate liabilities existing at the end of the year. Measurable means knowing or being able to reasonably estimate the amount. Expenditures are recognized in the accounting period when the related fund liabilities are incurred. Debt service expenditures and expenditures related to compensated absences and claims and judgments, are recognized only when payment is due. Property taxes, state appropriations and federal awards are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

The County reports the following major Governmental Fund:

General Fund - This fund is used to account for and report all financial resources not accounted for and reported in another fund.

The County reports the following major Enterprise Fund:

Regional Jail Fund – This fund is used to account for monies from inmate housing agreement income with the Mississippi Department of Corrections for housing state prisoners.

Additionally, the County reports the following fund types:

#### GOVERNMENTAL FUND TYPES

Special Revenue Funds - These funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Capital Projects Funds - These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

#### PROPRIETARY FUND TYPE

Enterprise Funds - These funds are used to account for those operations that are financed and operated in a manner similar to private business enterprises or where the County has decided that periodic determination of revenues earned, expenses incurred and/or net income is necessary for management accountability.

#### FIDUCIARY FUND TYPE

Agency Funds - These funds account for various taxes, deposits and other monies collected or held by the County, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

#### E. Account Classifications.

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing and Financial Reporting* as issued in 2005 by the Government Finance Officers Association.

## GEORGE COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2012

#### F. Deposits.

State law authorizes the County to invest in interest bearing time certificates of deposit for periods of fourteen days to one year with depositories and in obligations of the U.S. Treasury, State of Mississippi, or any county, municipality or school district of this state. Further, the County may invest in certain repurchase agreements.

Cash includes cash on hand, demand deposits, all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less). Investments in governmental securities are stated at fair value. However, the County did not invest in any governmental securities during the fiscal year.

#### G. Receivables.

Receivables are reported net of allowances for uncollectible accounts, where applicable.

#### H. Interfund Transactions and Balances.

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets. Any outstanding balances between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

#### I. Restricted Assets.

Proprietary Fund assets required to be held and/or used as specified in bond indentures, bond resolutions, trustee agreements, board resolutions and donor specifications have been reported as restricted assets. Certain proceeds of the county's enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The "revenue fund" is used to account for all revenues of the correctional facility and to provide payment for operating and maintenance expenses as well as required monthly deposits to other accounts to meet minimum requirements of the trust agreement. The "depreciation and operating reserve" fund is used to pay the cost of major repairs and replacements to the correctional facility the costs of which are such that they should be spread over a number of years rather than charged as a current expense in a single year. The "general" account is used to accumulate funds to pay the principal and interest payments due on the county's enterprise fund revenue bonds. The "debt service reserve" account is used to report resources set aside to subsidize potential deficiencies from the county's operation that could adversely affect debt service payments. The "regional jail construction" fund is used to pay the costs of major repairs and replacements to the correctional facility as well as to pay operating and maintenance expense when other funds are insufficient to pay these expenses within established limitations.

#### J. Capital Assets.

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the (applicable) governmental or business-type activities column in the government-wide financial statements. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. Capital assets include significant amounts of infrastructure which have been valued at estimated historical cost.

# GEORGE COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2012

The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition. The extent to which capital assets, other than infrastructure, costs have been estimated and the methods of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

Governmental accounting and financial reporting standards allow governments meeting certain criteria to elect not to report major general infrastructure assets retroactively. George County meets this criteria and has so elected. Therefore, the major general infrastructure assets acquired prior to October 1, 2002, are not reported in the government-wide financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to October 1, 2002.

Capital assets acquired or constructed for Proprietary Fund operations are capitalized at cost in the respective funds in which they are utilized. No interest is capitalized on self-constructed assets because noncapitalization of interest does not have a material effect on the County's financial statements. Interest cost incurred during the construction of Proprietary Fund capital assets is capitalized as part of the cost of construction. Donated capital assets are recorded at their fair value at the time of donation.

Capitalization thresholds (dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives are used to report capital assets in the government-wide statements and Proprietary Funds. Depreciation is calculated on the straight-line basis for all assets, except land. A full year's depreciation expense is taken for all purchases and sales of capital assets during the year. The following schedule details those thresholds and estimated useful lives:

	Capitalization Thresholds	Estimated Useful Life
Land	\$ 0	N/A
Infrastructure	0	20-50 years
Buildings	50,000	40 years
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5-10 years
Furniture and equipment	5,000	3-7 years
Leased property under capital leases	*	*

\* Leased property capitalization policy and estimated useful life will correspond with the amounts for the asset classification, as listed above.

### K. Long-term Liabilities.

Long-term liabilities are the unmatured principal of bonds, loans, notes or other forms of noncurrent or long-term general obligation indebtedness. Long-term liabilities are not limited to liabilities from debt issuances, but may also include liabilities on lease-purchase agreements and other commitments.

In the government-wide financial statements and in the Proprietary Fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or Proprietary Funds Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

## GEORGE COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2012

#### L. Equity Classifications.

##### Government-wide Financial Statements:

Equity is classified as net assets and displayed in three components:

Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings attributable to the acquisition, construction or improvement of those assets.

Restricted net assets - Consists of net assets with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.

Unrestricted net assets - All other net assets not meeting the definition of “restricted” or “invested in capital assets, net of related debt.”

##### Fund Financial Statements:

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balance is classified as nonspendable, restricted, committed, assigned or unassigned. The following are descriptions of fund classifications used by the County:

*Restricted fund balance* includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

*Unassigned fund balance* is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds if expenditures incurred for specific purposes exceeded the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the County’s general policy to use restricted resources first. When expenditures are incurred for purposes for which unrestricted (committed, assigned and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the County’s general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

#### M. Property Tax Revenues.

Numerous statutes exist under which the Board of Supervisors may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the County. Restrictions associated with property tax levies vary with the statutory authority. The amount of increase in certain property taxes is limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.

## GEORGE COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2012

The Board of Supervisors, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase.

Accounting principles generally accepted in the United States of America require property taxes to be recognized at the levy date if measurable and available. All property taxes are recognized as revenue in the year for which they are levied. Motor vehicle and mobile home taxes do not meet the measurability and collectibility criteria for property tax recognition because the lien and due date cannot be established until the date of original purchase occurs.

N. Intergovernmental Revenues in Governmental Funds.

Intergovernmental revenues, consisting of grants, entitlements and shared revenues, are usually recorded in Governmental Funds when measurable and available. However, the "available" criterion applies for certain federal grants and shared revenues when the expenditure is made because expenditure is the prime factor for determining eligibility. Similarly, if cost sharing or matching requirements exist, revenue recognition depends on compliance with these requirements.

O. Compensated Absences.

The County has adopted a policy of compensation for accumulated unpaid employee personal leave. No payment is authorized for accrued major medical leave. Accounting principles generally accepted in the United States of America require accrual of accumulated unpaid employee benefits as long-term liabilities in the government-wide financial statements and Proprietary Funds financial statements. In fund financial statements, Governmental Funds report the compensated absence liability payable only if the payable has matured, for example an employee resigns or retires.

(2) Prior Period Adjustments.

A summary of significant fund equity adjustments is as follows:

Exhibit 2 - Statement of Activities

Explanation	Amount
<b>Governmental Activities:</b>	
To correct prior year errors in capital assets.	\$ 133,769

(3) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2012, was \$11,100,862, and the bank balance was \$11,682,581. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

# GEORGE COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2012

**Custodial Credit Risk - Deposits.** Custodial credit risk is the risk that in the event of the failure of a financial institution, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the County. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the County.

### (4) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2012:

#### A. Due From/To Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	Other Governmental Funds	\$ 485,289
Other Governmental Funds	General Fund	75,858
Agency Funds	General Fund	22,695
Total		\$ 583,842

The receivables represent the tax revenue collected but not settled until October, 2012. All interfund balances are expected to be repaid within one year from the date of the financial statements.

#### B. Transfers In/Out:

Transfer In	Transfer Out	Amount
Other Governmental Funds	Other Governmental Funds	\$ 80,000

All interfund transfers were routine and consistent with the activities of the fund making the transfer.

### (5) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2012, consisted of the following:

Description	Amount
<b>Governmental Activities:</b>	
Legislative tax credit	\$ 106,777
Bulletproof vest partnership program	13,298
Emergency operations center	14,728
Hazard Mitigation – East FEMA Shelter	411,973
Hazard Mitigation – West FEMA Shelter	370,187
Total Governmental Activities	\$ 916,963
<b>Business-type Activities:</b>	
MDOC - Inmate Housing	\$ 247,298
Jackson County – Inmate Housing	4,060
City of Lucedale – Inmate Housing	5,560
George County – Inmate Housing	31,477
Greene County – Inmate Housing	3,000
Total Business-type Activities	\$ 291,395



GEORGE COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2012

(6) Loans Receivable.

Loans receivable balances at September 30, 2012, are as follows:

Description	Date of Loan	Interest Rate	Maturity Date	Receivable Balance
George County Hospital *	10/26/1992	0.00%	Unknown	\$ 50,000
Freight rail service loan	10/06/2003	1.00%	03/01/20	497,743
Total				547,743
Less: Allowance for doubtful accounts				(50,000)
Total, Net of allowance for doubtful accounts				\$ 497,743

\*The George County Hospital loan receivable was determined to be uncollectible in fiscal year 1996.

(7) Restricted Assets.

The balances of the restricted asset accounts in the enterprise funds are as follows:

General Account	\$ 190,821
Debt service reserve	407,373
Revenue Fund	1,441,392
Depreciation and operating reserve fund	75,087
Regional jail construction fund	284,549
Total restricted assets	\$ 2,399,222

(8) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2012:

**Governmental activities:**

	Balance Oct. 1, 2011	Additions	Deletions	Adjustments	Balance Sept. 30, 2012
<b><u>Non-depreciable capital assets:</u></b>					
Land	\$ 786,935				786,935
Construction in progress	589,414	2,385,362		155,597	3,130,373
Total non-depreciable capital assets	1,376,349	2,385,362	0	155,597	3,917,308
<b><u>Depreciable capital assets:</u></b>					
Infrastructure	104,214,388	565,026			104,779,414
Buildings	6,707,807	73,832			6,781,639
Improvements other than buildings	107,582	39,726			147,308
Mobile equipment	10,368,000	324,943	1,288,385	944,510	10,349,068
Furniture and equipment	635,077	31,655	11,361	113,278	768,649
Leased property under capital leases	1,935,008	987,899		(1,057,766)	1,865,141
Total depreciable capital assets	123,967,862	2,023,081	1,299,746	22	124,691,219
<b><u>Less accumulated depreciation for:</u></b>					
Infrastructure	65,554,657	506,280			66,060,937
Buildings	1,418,078	118,428			1,536,506
Improvements other than buildings	14,961	5,895			20,856

GEORGE COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2012

	Balance Oct. 1, 2011	Additions	Deletions	Adjustments	Balance Sept. 30, 2012
Mobile equipment	7,683,767	577,824	640,621	346,300	7,967,270
Furniture and equipment	396,293	78,409	11,247	72,825	536,280
Leased property under capital leases	698,262	167,885		(397,275)	468,872
Total accumulated Depreciation	75,766,018	1,454,721	651,868	21,850	76,590,721
Total depreciable capital assets, net	48,201,844	568,360	647,878	(21,828)	48,100,498
Governmental activities capital assets, net	\$ 49,578,193	2,953,722	647,878	133,769	52,017,806
<b>Business-type activities:</b>					
	Balance Oct. 1, 2011	Additions	Deletions	Adjustments	Balance Sept. 30, 2012
<u>Non-depreciable capital assets:</u>					
Land	\$ 87,674				87,674
Total non-depreciable capital assets	87,674				87,674
<u>Depreciable capital assets:</u>					
Buildings	7,415,772				7,415,772
Improvements other than buildings	130,000				130,000
Mobile equipment	75,996				75,996
Furniture and equipment	104,462	5,645			110,107
Total depreciable capital assets	7,726,230	5,645			7,731,875
<u>Less accumulated depreciation for:</u>					
Buildings	1,275,411	148,319			1,423,730
Improvements other than buildings	10,400	5,200			15,600
Mobile equipment	68,396				68,396
Furniture and equipment	72,233	12,087			84,320
Total accumulated Depreciation	1,426,440	165,606	0	0	1,592,046
Total depreciable capital assets, net	6,299,790	(159,961)	0	0	6,139,829
Business-type activities capital assets, net	\$ 6,387,464	(159,961)	0	0	6,227,503

\*Adjustments to capital assets were due to the reclassification of assets class or activity type, and also prior period adjustments were made to record construction in progress and depreciation expense.

# GEORGE COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2012

Depreciation expense was charged to the following functions:

	Amount
Governmental Activities:	
General government	\$ 143,206
Public safety	281,949
Public works	1,026,225
Health and welfare	682
Culture and recreation	1,824
Conservation of natural reserve	835
	<hr/>
Total governmental activities depreciation expense	\$ 1,454,721
	<hr/>
Business-type activities:	
Correctional facility	\$ 165,606
	<hr/>

Commitments with respect to unfinished capital projects at September 30, 2012, consisted of the following:

Description of Commitment	Remaining Financial Commitment	Expected Date of Completion
East Storm Shelter (Disaster Grant)	\$ 114,176	10/01/13
West Storm Shelter (Disaster Grant)	110,631	10/01/13
	<hr/>	
Total Capital Project Commitment	\$ 224,807	
	<hr/>	

### (9) Claims and Judgments.

#### Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2012, to January 1, 2013. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

### (10) Capital Leases.

#### As Lessee:

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2012:

Classes of Property	Governmental Activities
Mobile equipment	\$ 1,865,141
Less: Accumulated depreciation	(468,872)
	<hr/>
Leased Property Under Capital Leases	\$ 1,396,269
	<hr/>

GEORGE COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2012

The following is a schedule by years of the total payments due as of September 30, 2012:

Year Ending September 30	Governmental Activities	
	Principal	Interest
2013	\$ 864,457	28,469
2014	132,923	9,067
2015	164,465	5,783
2016	161,827	1,876
Total	\$ 1,323,672	45,195

Capital leases in governmental activities will be retired from the General Fund, Solid Waste Fund, and Road Construction & Maintenance Funds, and Bridge & Culvert Funds.

(11) Long-term Debt.

Debt outstanding as of September 30, 2012, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
<b>Governmental Activities:</b>			
A. Capital Leases:			
District 3 Backhoe	\$ 30,489	4.35%	10/11/2012
District 4 Backhoe	30,489	4.35%	10/11/2012
2010 Wheel Loader	106,068	3.02%	05/28/2013
Caterpillar Backhoe	29,889	4.35%	10/11/2012
District 1 (2) 2008 Mack Dump Trucks	88,256	3.04%	06/25/2015
District 3 (2) 2008 Mack Dump Trucks	93,372	3.04%	08/15/2015
District 1 John Deere Tractor	26,514	2.99%	03/03/2014
District 4 Caterpillar Motor Grader	199,508	2.11%	04/01/2016
District 4 (2) John Deere Tractors	123,800	2.00%	06/15/2013
District 2 (2) John Deere Tractors	123,800	2.00%	06/15/2013
2013 Freightliner Dump Trucks	100,623	2.09%	01/20/2016
District 1 Caterpillar Backhoe	91,410	1.81%	09/01/2015
District 1 (2) John Deere Tractors	116,900	2.00%	06/15/2013
District 3 (2) John Deere Tractors	116,900	2.00%	06/15/2013
2011 Freightliner Dump Truck	45,654	1.79%	05/18/2013
Total Capital Leases	\$ 1,323,672		
B. Other Loans:			
Multi-Purpose Building Loan	\$ 80,336	3.00%	07/01/2019
Freight Rail Service Revolving MDA Loan	499,822	1.00%	03/01/2020
Total Other Loans	\$ 580,158		
<b>Business-type Activities:</b>			
A. General Obligation Bonds:			
General Obligation Bonds, Series 2008	\$ 2,135,000	4.00 – 5.50%	12/01/2028
B. Limited Obligation Bonds:			
Urban Renewal Revenue Refunding Bonds, Series 2011	\$ 3,715,000	2.50 – 4.25%	04/01/2021

# GEORGE COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2012

**Pledge of Future Revenues** - The County has pledged future revenues for housing inmates, net of specified operating expenses, to repay \$4,065,000 in limited obligation urban renewal revenue bonds issued in March 24, 2011. Proceeds from the bonds provided financing for the construction of the George County Regional Correctional Facility. The bonds are not a general obligation of the County and, therefore, are not secured by the full faith and credit of the County. The bonds are payable solely from income derived from an inmate housing agreement with the Mississippi Department of Corrections for housing state prisoners and income received from any other governments for housing and holding prisoners and are payable through First National Bank of Clarksdale.

Annual principal and interest payments on the bonds are expected to require less than 5.79% percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$ 4,453,525. Principal and interest paid for the current year and total inmate housing net revenues were \$491,047 and \$3,340,776, respectively.

Annual debt service requirements to maturity for the following debt reported in the Statement of Net Assets are as follows:

### Governmental Activities:

Year Ending September 30	Other Loans	
	Principal	Interest
2013	\$ 75,800	6,982
2014	76,786	5,996
2015	77,787	4,995
2016	78,808	3,975
2017	79,843	2,938
2018 – 2022	191,134	1,557
Total	\$ 580,158	26,443

### Business-type Activities:

Year Ending September 30	General Obligation Bonds		Limited Obligation Bonds	
	Principal	Interest	Principal	Interest
2013	\$ 80,000	96,419	355,000	129,606
2014	85,000	92,088	370,000	120,731
2015	95,000	87,363	380,000	111,481
2016	95,000	82,494	400,000	100,081
2017	100,000	77,619	410,000	88,081
2018 – 2022	585,000	310,489	1,800,000	188,545
2023 – 2027	745,000	165,592		
2028 – 2032	350,000	15,975		
Total	\$ 2,135,000	928,039	3,715,000	738,525

**Legal Debt Margin** - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a County issue bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2012, the amount of outstanding debt was equal to 3.75% of the latest property assessments.

# GEORGE COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2012

Special Assessment Debt with Commitments - During Fiscal Year 2012, the County issued limited tax notes to provide funds for constructing, reconstructing, improving, equipping, furnishing, bettering, and expanding of George Regional Hospital, refunding the Series 2008 Notes, and paying the cost of issuance of such obligations and of the aforesaid refunding. The notes are secured by the full faith and credit of the county. The county levied a special assessment tax upon all taxable property in the benefitted area. The tax is adequate and sufficient to provide for the payment of the principal and interest on the notes. At September 30, 2012, \$4,500,000 was the balance of the Limited Obligation Notes. (See Also Note 13).

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2012:

	Balance Oct. 1, 2011	Additions	Reductions	Balance Sept. 30, 2012	Amount due within one year
Governmental Activities:					
Compensated absences	\$ 99,177		20,090	79,087	
Capital leases	884,522	1,059,146	619,996	1,323,672	864,457
Other loans	654,989		74,831	580,158	75,800
Total	<u>\$ 1,638,688</u>	<u>1,059,146</u>	<u>714,917</u>	<u>1,982,917</u>	<u>940,257</u>
Business-type Activities:					
Compensated absences	\$ 122,562		19,559	103,003	
General obligation bonds	2,215,000		80,000	2,135,000	80,000
Limited obligation bonds	4,065,000		350,000	3,715,000	355,000
Less:					
Deferred amount on refunding	(125,536)		(12,554)	(112,982)	(12,554)
Add:					
Premiums	17,284		1,728	15,556	1,729
Total	<u>\$ 6,294,310</u>	<u>0</u>	<u>438,733</u>	<u>5,855,577</u>	<u>424,175</u>

Compensated absences will be paid from the fund from which the employees' salaries were paid which are generally the General Fund, Road Construction & Maintenance Fund, Solid Waste Fund, and for Business-type activities the Regional Jail Fund.

### (12) Deficit Fund Balances of Individual Funds.

The following funds reported deficits in fund balances at September 30, 2012:

Funds	Deficit Amount
East Storm Shelter Grant Fund	\$ 79,278
West Storm Shelter Grant Fund	82,391
Total deficit fund balances	<u>\$ 161,669</u>

## GEORGE COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2012

#### (13) Contingencies.

Federal Grants - The County has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability of the County. No provision for any liability that may result has been recognized in the County's financial statements.

Litigation - The County is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the County with respect to the various proceedings. However, the County's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the County.

Hospital Revenue and Limited Tax Notes, Series 2012 Contingencies - The County issued limited tax notes to provide funds for constructing, reconstructing, improving, equipping, furnishing, bettering, and expanding of George Regional Hospital, refunding the Series 2008 Notes, and paying the cost of issuance of such obligations and of the aforesaid refunding. The limited tax notes are reported as a liability of the hospital because such debt is payable primarily from the hospital's pledged revenues. However, the County remains contingently liable for the retirement of these bonds because the full faith, credit and taxing power of the County is secondarily pledged in case of default by the hospital. The principal amount of hospital revenue and limited tax notes outstanding at September 30, 2012, is \$4,500,000.

#### (14) Jointly Governed Organization.

The County participates in the following jointly governed organizations:

Region 14 Singing River Mental Health/Mental Retardation Center operates in a district composed of counties of George and Jackson. The George County Board of Supervisors appoints one of the two members of the board of commissioners. The County appropriated \$53,000 for support of the center in the fiscal year 2012.

Southern Mississippi Planning and Development District operates in a district composed of the counties of Covington, Forrest, George, Greene, Hancock, Harrison, Jackson, Jefferson Davis, Jones, Lamar, Marion, Pearl River, Perry, Stone, and Wayne. The George County Board of Supervisors appoints one of the 27 members of the board of directors. The County contributes a small percentage of the district's total revenue. The county appropriated \$48,460 for support of the district in the fiscal year 2012.

Mississippi Gulf Coast Community College operates in a district composed of the counties of George, Harrison, Jackson, and Stone. The college's board of trustees is composed of 23 members; three each appointed by George and Stone Counties, eight each appointed by Harrison and Jackson Counties, and one appointed at large. The County appropriated \$575,500 for maintenance and support of the college in fiscal year 2012.

Mississippi Regional Housing Authority VIII operates in a district composed of the Counties of Covington, Forest, George, Greene, Hancock, Harrison, Jackson, Jones, Lamar, Marion, Pearl River, Perry, Stone, and Wayne. The governing body is a 15 member board of commissioners; one appointed by the Board of Supervisors of each of the member counties and one appointed at large. The counties generally provide no financial support to the organization.

Gulf Coast Community Action Agency operates in the Counties of George, Greene, Hancock, and Harrison. The agency's board is composed of 24 members; one each appointed by the Counties of George, Greene, Hancock, and Harrison, and the cities of Bay St. Louis, Biloxi, Gulfport, and Pass Christian, with the remaining 16 appointed by the private sector. Most of the entity's funding comes through federal grants and the member governments provides only a modest amount of financial support when the grants require matching funds.

# GEORGE COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2012

Regional Railroad Authority of East Mississippi was created in September 2009, jointly with George County, Clarke County, Greene County, Jackson County, Lauderdale County, and Wayne County to compliment and support the existing railroads presently operating in East Mississippi. Each county appoints five commissioners to the Board of Commissioners of the Authority. Additionally, each municipality in any of these counties through which a railroad runs shall appoint one commissioner. The county generally provided no support to the Authority in 2012.

### (15) Defined Benefit Pension Plan.

**Plan Description.** George County, Mississippi, contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

**Funding Policy.** At September 30, 2012, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The rate at September 30, 2012 was 14.26% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2012, 2011 and 2010 were \$539,453, \$491,146, and \$500,113, respectively, equal to the required contributions for each year.

### (16) Subsequent Events.

Events that occur after the Statement of Net Assets date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Assets date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Assets date require disclosure in the accompanying notes. Management of George County evaluated the activity of the County through December 30, 2013, and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

Subsequent to September 30, 2012, the County issued the following debt obligations:

Issue Date	Interest Rate		Issue Amount	Type of Financing	Source of Financing
12/31/2012	1.83%	\$	27,762	Capital Lease	Tax Revenue
06/26/2013	1.59%		139,000	Capital Lease	Tax Revenue
06/26/2013	1.59%		146,800	Capital Lease	Tax Revenue
06/26/2013	1.59%		139,000	Capital Lease	Tax Revenue
06/26/2013	1.59%		146,800	Capital Lease	Tax Revenue
06/27/2013	0.00%		1,000,000	Other Loan	Local Revenue
06/27/2013	0.00%		283,000	Other Loan	Local Revenue
07/10/2013	1.52%		50,000	Capital Lease	Tax Revenue



GEORGE COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

GEORGE COUNTY

(This page left blank intentionally.)

GEORGE COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 General Fund  
 For the Year Ended September 30, 2012  
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 3,557,200	3,575,594	3,575,594	
Licenses, commissions and other revenue	357,500	372,048	372,048	
Fines and forfeitures	400,500	426,015	426,015	
Intergovernmental revenues	418,300	437,123	437,123	
Charges for services	260,000	281,707	281,707	
Interest income	26,300	22,832	22,832	
Miscellaneous revenues	41,000	126,106	126,106	
Total Revenues	<u>5,060,800</u>	<u>5,241,425</u>	<u>5,241,425</u>	<u>0</u>
EXPENDITURES				
Current:				
General government	5,045,700	2,881,996	2,881,996	
Public safety	1,970,100	2,106,284	2,106,284	
Health and welfare	255,500	257,113	257,113	
Culture and recreation	26,400	28,169	28,169	
Conservation of natural resources	47,300	47,259	47,259	
Economic development and assistance	95,000	65,488	65,488	
Total Expenditures	<u>7,440,000</u>	<u>5,386,309</u>	<u>5,386,309</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(2,379,200)</u>	<u>(144,884)</u>	<u>(144,884)</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets		28,804	28,804	
Compensation for loss of capital assets	5,200	2,613	2,613	
Transfers in		4,010		(4,010)
Transfers out	(576,000)	(4,579)	(4,579)	
Total Other Financing Sources and Uses	<u>(570,800)</u>	<u>30,848</u>	<u>26,838</u>	<u>(4,010)</u>
Net Change in Fund Balance	(2,950,000)	(114,036)	(118,046)	(4,010)
Fund Balances - Beginning	<u>2,950,000</u>	<u>3,374,047</u>	<u>3,347,047</u>	<u>(27,000)</u>
Fund Balances - Ending	<u>\$ 0</u>	<u>3,260,011</u>	<u>3,229,001</u>	<u>(31,010)</u>

The accompanying notes to the Required Supplementary Information are an integral part of this statement.

GEORGE COUNTY

(This page left blank intentionally.)

George County  
Notes to the Required Supplementary Information  
For the Year Ended September 30, 2012  
UNAUDITED

A. Budgetary Information.

Statutory requirements dictate how and when the County's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Supervisors of the County, using historical and anticipated fiscal data and proposed budgets submitted by the Sheriff and the Tax Assessor-Collector for his or her respective department, prepares an original budget for each of the Governmental Funds for said fiscal year. The completed budget for the fiscal year includes for each fund every source of revenue, each general item of expenditure, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Supervisors that budgetary estimates will not be met, it may make revisions to the budget.

The County's budget is prepared principally on the cash basis of accounting. All appropriations lapse at year end, and there are no encumbrances to budget because state law does not require that funds be available when goods or services are ordered, only when payment is made.

B. Basis of Presentation.

The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary (Non-GAAP Basis) and variances between the final budget and the actual amounts. The schedule is presented for the General Fund and each major Special Revenue Fund. The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) is a part of required supplemental information.

C. Budget/GAAP Reconciliation.

The major differences between the budgetary basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

The following schedule reconciles the budgetary basis schedules to the GAAP basis financial statements for the General Fund.

	<u>General Fund</u>
Budget (Cash Basis)	\$ (118,046)
Increase (Decrease)	
Net adjustments for revenue accruals	74,384
Net adjustments for expenditure accruals	<u>(87,151)</u>
GAAP Basis	\$ <u><u>(130,813)</u></u>

GEORGE COUNTY

(This page left blank intentionally.)

GEORGE COUNTY

GEORGE COUNTY

(This page left blank intentionally.)



GEORGE COUNTY  
Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2012

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture - Forest Service/Passed-through the Mississippi State Treasurer's Office/ School and Roads-Grants to States	10.665	N/A	\$ <u>74,278</u>
U.S. Department of Justice Bulletproof Vest Partnership Program (Direct Award)	16.607	N/A	<u>13,298</u>
U.S. Department of Justice/ Passed - through the Mississippi Attorney General Office ARRA - Recovery Act - Assistance to Rural Law Enforcement to Combat Crime and Drugs Competitive Grant Program	16.810	2009-SD-B9-0194	<u>431</u>
Total U.S. Department of Justice			<u>13,729</u>
U.S. Department of Transportation - Federal Highway Administration/ Passed - through the Mississippi Department of Transportation Highway planning and construction	20.205	BRISO740120	<u>13,800</u>
U.S. Department of Health and Human Services Administration for Community Living/ Passed - through the Mississippi Secretary of State Office Voting Access for Individuals with Disabilities - Grants for Protection and advocacy Systems	93.618	N/A	<u>5,345</u>
U.S. Dept of Homeland Security Passed-through the Mississippi Emergency Management Agency Hazard mitigation grant (FEMA Shelter West) *	97.039	FEMA - 1604-DR	1,108,617
Hazard mitigation grant (FEMA Shelter East) *	97.039	FEMA - 1604-DR	1,133,206
Emergency Management performance grants	97.042	N/A	4,656
Emergency Operations Center	97.052	N/A	<u>14,727</u>
Total U.S. Dept of Homeland Security			<u>2,261,206</u>
Total Expenditures of Federal Awards			\$ <u><u>2,368,358</u></u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A - Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting.

\* Denotes major federal award program

GEORGE COUNTY  
Reconciliation of Operating Costs of Solid Waste  
For the Year Ended September 30, 2012

Operating Expenditures, Cash Basis:

Salaries	\$	317,934
Expendable Commodities:		
Gasoline and petroleum products		138,006
Repair parts		79,287
Office, field, and shop supplies		13,460
Tires		23,064
Food for prisoners		12,531
Professional fees, legal advertising, and other fees		162,199
Postage and box rent		6,140
Telephone and utilities		<u>4,468</u>

Solid Waste Cash Basis Operating Expenditures		757,089
---	--	---------

Full Cost Expenses:

Indirect administrative costs		59,073
Depreciation on equipment		79,786
Principal payment on solid waste debt		20,983
Interest payment on solid waste debt		<u>112</u>

Solid Waste Full Cost Operating Expenses	\$	<u><u>917,043</u></u>
--	----	-----------------------

## GEORGE COUNTY

## OTHER INFORMATION

GEORGE COUNTY

(This page left blank intentionally.)

GEORGE COUNTY  
Schedule of Surety Bonds for County Officials  
For the Year Ended September 30, 2012  
UNAUDITED

Name	Position	Company	Bond	Bond Number
Fred Croom	Supervisor District 1	Western Surety Company	\$100,000	70431782
Kelly Wright	Supervisor District 2	Western Surety Company	\$100,000	69624434
Sue Cochran	Supervisor District 3	Western Surety Company	\$100,000	69884778
Larry D. McDonald	Supervisor District 3	Western Surety Company	\$100,000	71211177
Larry Havard	Supervisor District 4	Western Surety Company	\$100,000	68935738
Henry Cochran	Supervisor District 5	Western Surety Company	\$100,000	68935761
Cammie Brannan Byrd	Chancery Clerk	Western Surety Company	\$100,000	69634499
Connie Shockley	Purchase Clerk	Western Surety Company	\$75,000	70295820
Nancy Smith	Receiving Clerk	Western Surety Company	\$75,000	70544638
Angela Ludgood	Receiving Clerk	Western Surety Company	\$75,000	71352916
William E. Davis	Receiving Clerk	Western Surety Company	\$50,000	69614762
Tonya Fairley	Receiving Clerk	Western Surety Company	\$50,000	70544642
Amye Havens	Inventory Control Clerk	Western Surety Company	\$75,000	68959584
Melinda Harvison	Constable	Western Surety Company	\$50,000	70432794
Jerry Havard II	Constable	Western Surety Company	\$50,000	71209730
Glen Jackie Rogers	Constable	Western Surety Company	\$50,000	69624441
Chad Welford	Circuit Clerk	Western Surety Company	\$100,000	70431773
Selina E. Holifield	Deputy Circuit Clerk	Western Surety Company	\$50,000	76764112
Kimberly Davis	Deputy Circuit Clerk	Western Surety Company	\$50,000	76764112
Virgie Holland	Deputy Circuit Clerk	Western Surety Company	\$50,000	76764112
Dean Howell	Sheriff	Western Surety Company	\$100,000	71211122
Norman Howell	Justice Court Judge	Western Surety Company	\$50,000	70431765
Jesssie Underwood	Justice Court Judge	Western Surety Company	\$50,000	71209849
Sandra Tanner	Justice Court Clerk	Western Surety Company	\$50,000	70718259
Margaret Fallon	Deputy Justice Court Clerk	Western Surety Company	\$50,000	68986819
Cynthia Busby	Deputy Justice Court Clerk	Western Surety Company	\$50,000	70335804
Nancy E. Shephard	Deputy Justice Court Clerk	Western Surety Company	\$50,000	61698785
Wilburn Bolen	Tax Assessor/Collector	Western Surety Company	\$100,000	68935782
Vincent Edward Carlisle	Tax Assessor/Collector	Western Surety Company	\$100,000	71179872
Baylon J. Hyatt	Deputy Sheriff	Western Surety Company	\$50,000	18196365
Benjamin Brown	Deputy Sheriff	Western Surety Company	\$50,000	18196365
Billy Colburn	Deputy Sheriff	Western Surety Company	\$50,000	18196365
Bobby Fairley	Deputy Sheriff	Western Surety Company	\$50,000	18196365
Brian Howard	Deputy Sheriff	Western Surety Company	\$50,000	18196365
Cade Tommy	Deputy Sheriff	Western Surety Company	\$50,000	18196365
Chasidy Jones	Deputy Sheriff	Western Surety Company	\$50,000	18196365
Christopher Sullivan	Deputy Sheriff	Western Surety Company	\$50,000	18196365
David Ray	Deputy Sheriff	Western Surety Company	\$50,000	18196365
Dean Sellers	Deputy Sheriff	Western Surety Company	\$50,000	18196365
Donald Fairley	Deputy Sheriff	Western Surety Company	\$50,000	18196365
Duane Bowlin	Deputy Sheriff	Western Surety Company	\$50,000	18196365
Dustin Smith	Deputy Sheriff	Western Surety Company	\$50,000	18196365

GEORGE COUNTY  
Schedule of Surety Bonds for County Officials  
For the Year Ended September 30, 2012  
UNAUDITED

Name	Position	Company	Bond	Bond Number
Eric Purvis	Deputy Sheriff	Western Surety Company	\$50,000	18196365
Eric Webb	Deputy Sheriff	Western Surety Company	\$50,000	18196365
George Collins III	Deputy Sheriff	Western Surety Company	\$50,000	18196365
Grady Wely	Deputy Sheriff	Western Surety Company	\$50,000	18196365
Horrison Hartley	Deputy Sheriff	Western Surety Company	\$50,000	18196365
James Mitchell	Deputy Sheriff	Western Surety Company	\$50,000	18196365
Jason Pharez	Deputy Sheriff	Western Surety Company	\$50,000	18196365
Jason Smith	Deputy Sheriff	Western Surety Company	\$50,000	18196365
Johnathan Reus	Deputy Sheriff	Western Surety Company	\$50,000	18196365
Justin Strahan	Deputy Sheriff	Western Surety Company	\$50,000	18196365
Kelly Arrington	Deputy Sheriff	Western Surety Company	\$50,000	18196365
Larry R. Havard	Deputy Sheriff	Western Surety Company	\$50,000	18196365
Lawarence Maples	Deputy Sheriff	Western Surety Company	\$50,000	18196365
Lisa Fairley	Deputy Sheriff	Western Surety Company	\$50,000	18196365
Micheal Walker	Deputy Sheriff	Western Surety Company	\$50,000	18196365
Mitchell Howell	Deputy Sheriff	Western Surety Company	\$50,000	18196365
Morgan Patrick	Deputy Sheriff	Western Surety Company	\$50,000	18196365
Patricia Dweitt	Deputy Sheriff	Western Surety Company	\$50,000	18196365
Perry Fairley	Deputy Sheriff	Western Surety Company	\$50,000	18196365
Robert Daffin Jr.	Deputy Sheriff	Western Surety Company	\$50,000	18196365
Robert Strahan	Deputy Sheriff	Western Surety Company	\$50,000	18196365
Ronald Phillips	Deputy Sheriff	Western Surety Company	\$50,000	18196365
Shaun Jodon	Deputy Sheriff	Western Surety Company	\$50,000	18196365
Stuart Fairchild	Deputy Sheriff	Western Surety Company	\$50,000	18196365
Timothy Howard	Deputy Sheriff	Western Surety Company	\$50,000	18196365
Wendell Garris	Deputy Sheriff	Western Surety Company	\$50,000	18196365
William H. Davis	Deputy Sheriff	Western Surety Company	\$50,000	18196365

## GEORGE COUNTY

## SPECIAL REPORTS

GEORGE COUNTY

(This page left blank intentionally.)





**STATE OF MISSISSIPPI  
OFFICE OF THE STATE AUDITOR  
STACEY E. PICKERING  
AUDITOR**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE  
FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Members of the Board of Supervisors  
George County, Mississippi

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of George County, Mississippi, (the County) as of and for the year ended September 30, 2012, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 30, 2013. Our report includes an adverse opinion on the aggregate discretely presented component unit due to the omission of the discretely presented component unit which is required by accounting principles generally accepted in the United States of America to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component unit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered George County, Mississippi's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as 12-1 and 12-2 to be material weaknesses.

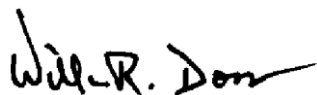
### Compliance and Other Matters

As part of obtaining reasonable assurance about whether George County, Mississippi's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 12-2.

We also noted certain immaterial instances of noncompliance which we have reported to the management of George County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated December 30, 2013, included within this document.

George County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit George County's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board of Supervisors, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, appearing to read "Will R. Doss", with a stylized flourish at the end.

WILLIAM R. DOSS, CPA  
Director, Financial and Compliance Audit Division

December 30, 2013



**STATE OF MISSISSIPPI  
OFFICE OF THE STATE AUDITOR  
STACEY E. PICKERING  
AUDITOR**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Members of the Board of Supervisors  
George County, Mississippi

Compliance

We have audited the compliance of George County, Mississippi (the County) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended September 30, 2012. George County, Mississippi's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of George County, Mississippi's management. Our responsibility is to express an opinion on George County, Mississippi's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about George County, Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on George County, Mississippi's compliance with those requirements.

In our opinion, George County, Mississippi, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2012.

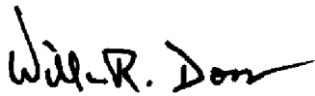
Internal Control Over Compliance

The management of George County, Mississippi, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered George County, Mississippi's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Supervisors, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, appearing to read "Will R. Dooss". The signature is fluid and cursive, with a long horizontal stroke at the end.

WILLIAM R. DOSS, CPA  
Director, Financial and Compliance Audit Division

December 30, 2013



**STATE OF MISSISSIPPI**  
**OFFICE OF THE STATE AUDITOR**  
**STACEY E. PICKERING**  
AUDITOR

**INDEPENDENT AUDITOR'S REPORT ON CENTRAL PURCHASING SYSTEM,  
INVENTORY CONTROL SYSTEM AND PURCHASE CLERK SCHEDULES  
(REQUIRED BY SECTION 31-7-115, MISS. CODE ANN. (1972))**

Members of the Board of Supervisors  
George County, Mississippi

We have examined George County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2012. The Board of Supervisors of George County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

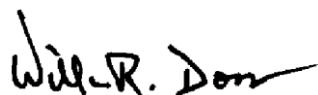
Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the County's compliance with those requirements and performing other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the County's compliance with specified requirements. The Board of Supervisors of George County, Mississippi, has established centralized purchasing for all funds of the County and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

Because of inherent limitations in any central purchasing system and inventory control system, errors or irregularities may occur and not be detected. Also, projection of any current evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

In our opinion, George County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2012.

The accompanying schedules of (1) Purchases Not Made from the Lowest Bidder, (2) Emergency Purchases and (3) Purchases Made Noncompetitively from a Sole Source are presented in accordance with Section 31-7-115, Miss. Code Ann. (1972). The information contained on these schedules has been subjected to procedures performed in connection with our aforementioned examination of the purchasing system and, in our opinion, is fairly presented when considered in relation to that examination.

This report is intended for use in evaluating the central purchasing system and inventory control system of George County, Mississippi, and is not intended to be and should not be relied upon for any other purpose. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, appearing to read "Will R. Dooss". The signature is fluid and cursive, with a long horizontal stroke at the end.

WILLIAM R. DOSS, CPA  
Director, Financial and Compliance Audit Division

December 30, 2013

GEORGE COUNTY

Schedule 1

Schedule of Purchases Not Made From the Lowest Bidder  
For the Year Ended September 30, 2012

Our test results did not identify any purchases from other than the lowest bidder.

GEORGE COUNTY  
Schedule of Emergency Purchases  
For the Year Ended September 30, 2012

Schedule 2

Our test results did not identify any emergency purchases.



GEORGE COUNTY

Schedule 3

Schedule of Purchases Made Noncompetitively From a Sole Source  
For the Year Ended September 30, 2012

Our test results did not identify any purchases made noncompetitively from a sole source.

GEORGE COUNTY

(This page left blank intentionally.)



**STATE OF MISSISSIPPI  
OFFICE OF THE STATE AUDITOR  
STACEY E. PICKERING  
AUDITOR**

**LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT**

Members of the Board of Supervisors  
George County, Mississippi

In planning and performing our audit of the financial statements of George County, Mississippi (the County) for the year ended September 30, 2012, we considered George County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to George County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated December 30, 2013, on the financial statements of George County, Mississippi.

Due to the reduced scope, these review procedures and compliance tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of internal control would not necessarily disclose all matters within the internal control that might be weaknesses. In accordance with Section 7-7-211, Miss. Code Ann. (1972), the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

The results of our review procedures and compliance tests identified certain immaterial instances of noncompliance with state laws and regulations that are opportunities for strengthening internal controls and operating efficiency. Our findings, recommendations, and your responses are disclosed below:

Chancery Clerk.

1. Chancery Clerk did not have sufficient funds in its payroll clearing account.

Finding

Section 19-13-43, Miss. Code Ann. (1972), prohibits warrants from being signed and delivered by the clerk until there are sufficient funds in the account upon which it is drawn to pay the same.

As reported in the prior year audit report, during the testing of the Chancery Clerk's annual financial report and expenses, it was noted that the Chancery Clerk's payroll clearing account has a negative cash balance of \$8,860.75 as of September 30, 2012, which is used monthly for the Chancery's payroll. The failure of the Chancery Clerk reimbursing the payroll clearing account is a misappropriation of taxpayer money.

#### Recommendation

The Chancery Clerk should reimburse the payroll clearing account every month for payroll and repay the \$8,860.75 owed to the county for payroll reimbursement as of September 30<sup>th</sup>, 2012.

#### Chancery Clerk's Response

Payroll is being reimbursed monthly.

Board of Supervisors.

2. The Board of Supervisors should not authorize an interest free loan to the Chancery Clerk.

#### Finding

The county made an interest free loan to the Chancery Clerk. As reported in the prior year audit report, this loan was made when the county allowed the Chancery Clerk to maintain a negative cash balance in the Chancery Clerk's payroll fund. The Mississippi Code is silent regarding the authority of the county to make such a loan. Failure of the Board of Supervisors to ensure repayment of this loan is an illegal diversion of legally restricted funds.

#### Recommendation

The Board of Supervisors should ensure the Chancery Clerk's payroll reimbursement will be kept current.

#### Board of Supervisor's Response

The Board of Supervisors will ensure that the Chancery Clerk's payroll reimbursement will be kept current.

Chancery Clerk.

3. Chancery Clerk was overpaid for per diem expenses.

#### Finding

Section 25-7-9(1)(h), Miss Code Ann. (1972), authorizes payment of per diem for attending court for the Chancery Clerk and up to two deputy clerks. As reported in the prior year audit report, during the testing of the annual financial report for the Chancery Clerk, it was noted that the clerk received per diem for court attendance for herself, a deputy clerk, and a bailiff for 150 days, resulting in a \$5,500 overpayment to the clerk. Failure to comply with the Mississippi Code and only bill the county for per diem for attending court for clerk and up to two deputy clerks that actually attend court could lead to misappropriation of taxpayer money.

#### Recommendation

The Chancery Clerk should comply with the Mississippi Code and only bill the county for the per diem for attending court for the clerk and up to two deputy clerks that actually attend court.

#### Chancery Clerk's Response

I will concur.

#### Auditor's Note

Due to the Chancery Clerk exceeding the \$90,000 allowed salary cap, these monies were paid back with the Clerk's excess salary cap payment to the County.

Board of Supervisors.

4. All bond certificates for County officials and employees should be filed and recorded in the Chancery Clerk's office.

Finding

Section 25-1-19, Miss. Code Ann. (1972), requires all bonds to be filed and recorded in the Chancery Clerk's office. The Chancery Clerk bond records do not include bond certificates for all of the county officials and employees. Failure to file a copy of the bond documentation with the Chancery Clerk's office could result in officials not being properly bonded.

Recommendation

The Board of Supervisors should make sure that all officials and employees bonds are filed and recorded in the office of the Chancery Clerk.

Board of Supervisor's Response

The Board of Supervisors concurs and will ensure that department heads should file bonds in a timely manner with the Chancery Clerk's Office. It is important to note several of the department heads listed were newly elected to first terms.

Chancery Clerk.

5. The Chancery Clerk claimed unallowable expenses for contract labor.

Finding

According to the Internal Revenue Service, in order to be an allowable expense on the Schedule C, individuals are determined to be either an employee or contract labor but not both. Therefore, employees working for the Chancery Clerk cannot be paid for contract labor if the work performed falls within the duties of an employee of the Chancery Clerk. As reported in the prior year audit report, during the testing of the Chancery Clerk's expenses, it was noted that the Chancery Clerk paid compensation totaling \$3,550 as "contract labor" to the clerk's employees in the calendar year 2012 in addition to their normal salaries. This amount is disallowed. Failure to claim the correct expenses on the fee journal will lead to misappropriation of taxpayer money.

Recommendation

The Chancery Clerk should ensure that all expenses are allowed for the Schedule C by the Internal Revenue Service.

Chancery Clerk's Response

My accountant says expenses are allowed for Schedule C by Internal Revenue Service.

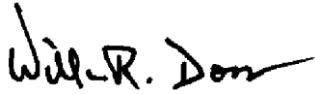
Auditor's Note

This was not allowed to be deducted as a valid Schedule "C" expense on the fee journal due to it being contract labor falling within the duties of an employee of the Chancery Clerk.

The Chancery Clerk has repaid to the General Fund in the amount of \$3,550 as evidenced by receive warrant number 27263 on December 6, 2013.

George County's responses to the finding included in this report were not audited, and accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board of Supervisors, and others within the entity and is not intended to be and should not be used by anyone other than these parties. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink that reads "Will R. Doss". The signature is written in a cursive, slightly slanted style.

WILLIAM R. DOSS, CPA  
Director, Financial and Compliance Audit Division

December 30, 2013

GEORGE COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

GEORGE COUNTY

(This page left blank intentionally.)



GEORGE COUNTY

Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2012

Section 1: Summary of Auditor's Results

***Financial Statements:***

- |    |  |               |
|----|--|---------------|
| 1. | Type of auditor's report issued on the financial statements: |               |
|    | Governmental activities                                      | Unqualified   |
|    | Business-type activities                                     | Unqualified   |
|    | Aggregate discretely presented component unit                | Adverse       |
|    | General Fund   | Unqualified   |
|    | Regional jail Fund   | Unqualified   |
|    | Aggregate remaining fund information                         | Unqualified   |
| 2. | Internal control over financial reporting:                   |               |
|    | a. Material weakness identified?                             | Yes           |
|    | b. Significant deficiency identified?                        | None Reported |
| 3. | Noncompliance material to the financial statements noted?    | Yes           |

***Federal Awards:***

- |    |  |               |
|----|--|---------------|
| 4. | Internal control over major programs:  |               |
|    | a. Material weakness identified?   | No            |
|    | b. Significant deficiency identified?  | None Reported |
| 5. | Type of auditor's report issued on compliance for major federal programs:  | Unqualified   |
| 6. | Any audit finding(s) disclosed that are required to be reported in accordance with Section ____510(a) of OMB Circular A-133? | No            |
| 7. | Federal programs identified as major programs:   |               |
|    | a. Hazard Mitigation Grant, CFDA #97.039   |               |
| 8. | The dollar threshold used to distinguish between type A and type B programs:   | \$300,000     |
| 9. | Auditee qualified as a low-risk auditee?   | No            |

## GEORGE COUNTY

### Schedule of Findings and Questioned Costs For the Year Ended September 30, 2012

#### Section 2: Financial Statement Findings

Board of Supervisors.

Material Weakness

12-1. Financial data for the component unit is not included in the financial statements.

Finding

Generally accepted accounting principles require the financial data for the County's component unit to be reported with the financial data of the county's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for the county's legally separate component unit. As reported in the prior five years' audit reports, the financial statements do not include the financial data for the county's legally separate component unit. The failure to properly follow generally accepted accounting principles resulted in an adverse opinion on its discretely presented component unit.

Recommendation

The Board of Supervisors should provide the financial data for its discretely presented component unit for the inclusion in the County's financial statements.

Board of Supervisors' Response

The Board of Supervisors did not find it financially feasible to provide the financial data for the George County Hospital for inclusion in the County's financial statements.

Board of Supervisors.

Material Weakness

Material Noncompliance

12-2. County signed warrants without sufficient funds.

Finding

Section 19-13-43, Miss. Code Ann. (1972), prohibits the signing of warrants or delivery of warrants until there is sufficient money in the fund upon which it is drawn to pay the same. During the testing of cash balances, it was noted that warrants were issued on funds which did not have sufficient money to pay the warrants. As of September 30, 2012 the following funds have negative cash balances:

- a) East Storm Shelter Fund (050) - \$240,518
- b) West Storm Shelter Fund (052) - \$242,473
- c) Reappraisal Fund (096) - \$2,298

Failure to have sufficient cash balance in the County's funds prior to writing checks on these funds resulted in other funds' cash being used for purposes other than their intended purpose.

GEORGE COUNTY

Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2012

Recommendation

The Board of Supervisors should ensure that no warrants are signed or delivered until there is sufficient money in the fund upon which it is drawn to pay the same, as required by law.

Board of Supervisors' Response

We concur.

Section 3: Federal Award Findings and Questioned Costs

The results of our tests did not disclose any findings and questioned costs related to federal awards.